

PCT

WORLD INTELLECTUAL PROPERTY ORGANIZATION
International Bureau

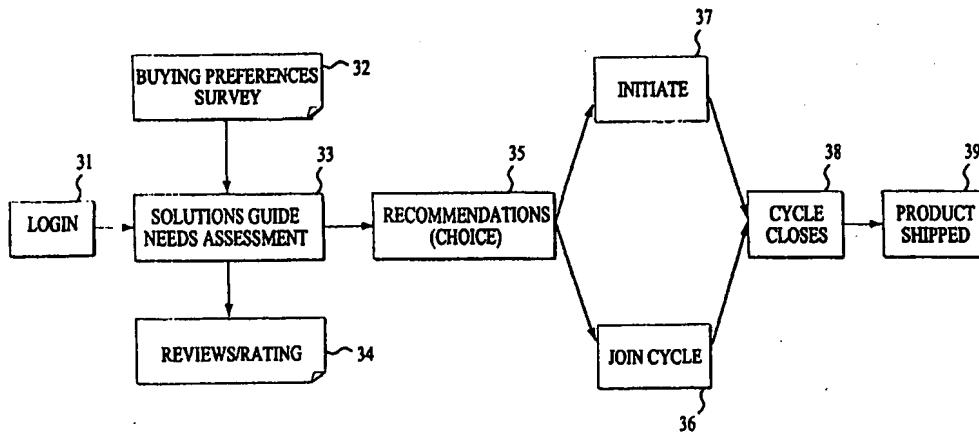


BS

INTERNATIONAL APPLICATION PUBLISHED UNDER THE PATENT COOPERATION TREATY (PCT)

(51) International Patent Classification ⁷ : G06F 17/60	A1	(11) International Publication Number: WO 00/45318
		(43) International Publication Date: 3 August 2000 (03.08.00)
(21) International Application Number: PCT/US00/02222		(81) Designated States: AL, AM, AT, AU, AZ, BA, BB, BG, BR, BY, CA, CH, CN, CU, CZ, DE, DK, EE, ES, FI, GB, GD, GE, GH, GM, HR, HU, ID, IL, IN, IS, JP, KE, KG, KP, KR, KZ, LC, LK, LR, LS, LT, LU, LV, MD, MG, MK, MN, MW, MX, NO, NZ, PL, PT, RO, RU, SD, SE, SG, SI, SK, SL, TJ, TM, TR, TT, UA, UG, UZ, VN, YU, ZW, ARIPO patent (GH, GM, KE, LS, MW, SD, SL, SZ, TZ, UG, ZW), Eurasian patent (AM, AZ, BY, KG, KZ, MD, RU, TJ, TM), European patent (AT, BE, CH, CY, DE, DK, ES, FI, FR, GB, GR, IE, IT, LU, MC, NL, PT, SE), OAPI patent (BF, BJ, CF, CG, CI, CM, GA, GN, GW, ML, MR, NE, SN, TD, TG).
(22) International Filing Date: 28 January 2000 (28.01.00)		
(30) Priority Data: 60/118,189 1 February 1999 (01.02.99) US 09/249,727 13 February 1999 (13.02.99) US		
(71) Applicant: ACCOMPANY INC. [US/US]; Suite 310, 208 Utah Street, San Francisco, CA 94103 (US).		
(72) Inventors: EHRLICH, Jonathan; Upper Apt., 150 Highbourne Avenue, Toronto, Ontario M5P 2J7 (CA). ROSE, James; 1473 Shotwell Street, San Francisco, CA 94110 (US). TEJA, Salim; Apt. 904, 4 Park Vista Drive, Toronto, Ontario M4B 3M8 (CA). TURGEON, Benoit; 104 Hamby Avenue, King City, Ontario L7B 1J1 (CA).		
(74) Agent: GALBI, Elmer; 13314 Vermeer Drive, Lake Oswego, OR 97035 (US).		

(54) Title: AGGREGATING ON-LINE PURCHASE REQUESTS



(57) Abstract

A system and technique which aggregates demand for products or/and services on a real time basis. Individual buyers are aggregated into temporary groups (36, 37). The members of a group can purchase at a volume price. The price paid is based on the number of members in the group. This is done without the members of each temporary group having any interaction with each other and without the members of each temporary group knowing anything about the other members of the temporary group. The price at which products are sold is based upon the number of individuals that have joined each particular group before the buy cycle closes (38).

FOR THE PURPOSES OF INFORMATION ONLY

Codes used to identify States party to the PCT on the front pages of pamphlets publishing international applications under the PCT.

AL	Albania	ES	Spain	LS	Lesotho	SI	Slovenia
AM	Armenia	FI	Finland	LT	Lithuania	SK	Slovakia
AT	Austria	FR	France	LU	Luxembourg	SN	Senegal
AU	Australia	GA	Gabon	LV	Latvia	SZ	Swaziland
AZ	Azerbaijan	GB	United Kingdom	MC	Monaco	TD	Chad
BA	Bosnia and Herzegovina	GE	Georgia	MD	Republic of Moldova	TG	Togo
BB	Barbados	GH	Ghana	MG	Madagascar	TJ	Tajikistan
BE	Belgium	GN	Guinea	MK	The former Yugoslav Republic of Macedonia	TM	Turkmenistan
BF	Burkina Faso	GR	Greece	ML	Mali	TR	Turkey
BG	Bulgaria	HU	Hungary	MN	Mongolia	TT	Trinidad and Tobago
BJ	Benin	IE	Ireland	MR	Mauritania	UA	Ukraine
BR	Brazil	IL	Israel	MW	Malawi	UG	Uganda
BY	Belarus	IS	Iceland	MX	Mexico	US	United States of America
CA	Canada	IT	Italy	NE	Niger	UZ	Uzbekistan
CF	Central African Republic	JP	Japan	NL	Netherlands	VN	Viet Nam
CG	Congo	KE	Kenya	NO	Norway	YU	Yugoslavia
CH	Switzerland	KG	Kyrgyzstan	NZ	New Zealand	ZW	Zimbabwe
CI	Côte d'Ivoire	KP	Democratic People's Republic of Korea	PL	Poland		
CM	Cameroon	KR	Republic of Korea	PT	Portugal		
CN	China	KZ	Kazakhstan	RO	Romania		
CU	Cuba	LC	Saint Lucia	RU	Russian Federation		
CZ	Czech Republic	LI	Liechtenstein	SD	Sudan		
DE	Germany	LK	Sri Lanka	SE	Sweden		
DK	Denmark	LR	Liberia	SG	Singapore		
EE	Estonia						

1

2 **Aggregating On-Line Purchase Requests**

3

4 **Field of the Invention:**

5 The present invention relates to the internet and more particularly to a method
6 and system for selling products and helping customers make purchases via the
7 internet.

8

9 **Background of the Invention:**

10 Conducting electronic commerce over the internet has become very common.
11 Many products are sold over the internet utilizing a relatively conventional buyer-
12 seller transaction. That is, a merchant posts a description of products on a Web
13 page along with the price, a purchaser who sees the web page and who wants to
14 purchase the product then submits an order including a credit card number to the
15 seller's Web site. The merchant charges the purchaser's credit card and ships
16 the product to the purchaser.

17

18 The Internet also facilitates other types of commercial transactions and several
19 other internet marketing systems that are in widespread use. The other types of
20 systems that are in widespread use include on-line auction systems and systems
21 where the purchaser provides a price and the system then provides the product
22 or service if the price provided by the purchaser meets certain criteria. Examples
23 of prior art systems are shown in issued US patents 5,835,896 and 5,710,887.

24

25 **Description of the Present Invention:**

26 The present invention provides a system and technique which aggregates
27 demand for products and/or services on a real time basis. The invention is
28 implemented using an internet web site and a computer program. With the

1 present invention individual buyers are aggregated into temporary groups. The
2 members of a group can purchase at a volume price. The price paid is based on
3 the number of members in the group. This is done primarily without the members
4 of each temporary group having any interaction with each other and without the
5 members of each temporary group knowing anything about the other members of
6 the temporary group. The price at which products are sold is based upon the
7 number of individuals that join each particular group. By aggregating individual
8 purchasers into temporary buying groups on a real time basis, the invention
9 reduces supplier sales and marketing costs. The present invention provides a
10 "just in time demand system" which has advantages that are somewhat similar to
11 the those of the widely used just in time supply systems. The invention operates
12 in several steps which are termed a "buy cycle". In the first step a product
13 description is posted on a web page. A buy cycle is closed based upon a pre-
14 established criteria such as after a fixed period of time, after a preset number of
15 orders have been submitted, or after a criteria which taken into consideration the
16 rate at which orders are being received. After a buy cycle is closed the orders
17 are processed and fulfilled through one of two methods. The first technique for
18 filling orders is used in situations where a contract or arrangement has been pre-
19 negotiated with a partner (i.e. a supplier, distributor, or other fulfillment agency).
20 In this situation when the buy cycle is closed, the order is processed and sent for
21 fulfillment to the partner with whom a supply contract was previously negotiated.
22 The second technique used to fill orders is as follows: when the buy cycle closes,
23 the order is put together and put out for bid, much like a request for proposal
24 (RFP). Multiple suppliers are encouraged to submit bids and contracts to fulfill
25 the order. The bids can be accepted either through electronic means, much like a
26 stock exchange, or through more traditional, manual processes. Once a bid is
27 accepted, the order is then sent to that supplier for fulfillment. After a buy cycle is

3

1 closed and the orders are processed in one of the above methods, the product is
2 shipped to the customers and the customer's credit card is charged.

3

4 **Brief Description of the Drawings:**

5 Figure 1 shows the layout of a web page.

6 Figure 2 shows a flow diagram of the membership process.

7 Figure 3 shows a flow diagram of the decision guide process.

8 Figure 4 shows a flow diagram of beginning a buy cycle.

9 Figure 5 shows flow diagram of the end of a buy cycle.

10 Figure 6 shows the watchdog cycle.

11 Figure 7 shows the opening of a buy cycle.

12 Figure 8 shows the no slice subroutine.

13 Figure 9 shows the maximum buy subroutine.

14 Figure 10 shows the current buy subroutine.

15 Figure 11 shows the price buy cycle.

16 Figure 12 shows the current price subroutine.

17 Figure 13 shows a first technique for determining price.

18 Figure 14 shows a second technique for determining price.

19

20 **Detailed Description of Preferred Embodiments:**

21 The preferred embodiment of the present invention is in the form of a computer
22 program that implements a web site. The web site which implements the present
23 invention gives purchasers (i.e. customers) a "just in time" demand experience.

24 Purchasers who visit the web site are provided with decision tools and product
25 information necessary to make intelligent purchasing decisions. Once a product
26 is selected, customers are presented with a price schedule based on volume
27 levels. Customers may simply purchase at the posted price or launch a buying
28 cycle.

1

2 A buying cycle is a purchasing cycle that aggregates demand for a particular
3 product within a given period of time. Buying cycles take into account three types
4 of purchase behaviors:

5 1. Destination demand – customers who come to the web site specifically to
6 purchase a product

7 2. Latent demand – those customers who have previously provided buying
8 profiles and wish to be notified when certain purchasing requirements are
9 met. These customers are notified via email when their requirements are
10 matched.

11 3. Impulse demand – those customers who visit the web site for any of a variety
12 of reasons (unrelated to a particular product) and who when they visit the web
13 site discover value and thereby develop a desire for the particular product.

14

15 Any of the above types of demand can motivate a customer to join a buying
16 cycle. At the time a customer joins a buying cycle, the customer is made aware
17 of the MAXIMUM price they would have to pay should no other customers join
18 that cycle. As additional customers join the buying cycle, the unit price declines.
19 With the present invention buyers work together instead of against each other. In
20 contrast to the operation of the present invention, in online auctions, customers
21 bid against each other.

22

23 Once a buying cycle is closed, the system completes the transaction in one of
24 two ways. The first technique for filling orders is used where the operator of the
25 web site has previously negotiated a contract or arrangement with a partner (i.e.
26 a supplier, distributor, or other fulfillment agency) to supply a product according to
27 a particular price-volume schedule. In this situation once the buy cycle is closed,
28 the order is processed and sent to the partner for fulfillment of the order.

1
2 The second technique for filling orders is a reverse auction where suppliers bid
3 against each other to fill orders. With this technique after a buy cycle closes, the
4 order is put together and put out for bid, much like a request for proposal (RFP).
5 Multiple suppliers are urged to submit bids or contracts to fulfill the order. The
6 RFP and the bids can be taken either through electronic means, much like a
7 stock exchange, or through more traditional, manual processes. Once a bid is
8 accepted, the order is then sent to that supplier for fulfillment. The orders are
9 filled either at the prices originally posted or at a lower price if a lower bid is
10 obtained. The prices initially posted on the web site for products subject to a
11 reverse auction process can either be an estimate of what prices the suppliers
12 will bid or the initially posted prices can be prices provided by a back-up supplier
13 who has agreed in advance to provide product at this price if no other supplier
14 bids lower. Other alternatives described below are also possible.

15
16 Text on the web site will tell prospective customers how orders for each product
17 will be filled and any other special rules applicable to a particular buy cycle. That
18 is, prospective customers will be informed if orders are to be filled at pre established
19 prices in accordance with a pre-established supplier contract or if the prices
20 posted are maximum prices that a customer will have to pay if no supplier
21 submits a lower bid. It is noted that supplier bids can be accepted in real time
22 and suppliers can be given the opportunities to bid in real time.

23
24 The invention is implemented by means of application program which runs on a
25 conventional web server. The web server can be any of the conventionally used
26 web servers such as those marketed by Sun Microsystems Corporation or those
27 marketed by the Microsoft Corporation. Such servers operate under a system
28 control program which in turn calls an application program. For example the

1 Microsoft IIS 4.0 Web Server program has an associated Microsoft Site Server
2 program that provides basic cataloging functionality, order processing capability
3 and a transaction pipeline which performs such operations as calculating tax due,
4 and credit card verification. The preferred embodiment of the invention as
5 described herein is implemented as an application program or web site operating
6 under a server operating system.

7

8 The web site which implements the present invention includes a number of linked
9 web pages and a computer program which implements various functions required
10 in order to implement the invention. The web site is conventional except for the
11 specific functions described herein. The manner in which the web pages are
12 accessed and the manner in which the program described below is integrated
13 into the site operating system are conventional and thus they are not specifically
14 described herein. Reference is made to text books such as the following for a
15 description of how web sites are implemented and for a description of how
16 application programs are operated on a web site:

17 1) Information Architecture for the World Wide Web by: Louis Rosenfeld, Peter
18 Morville / O'Reilly & Associates / March 1998
19 2) Web Design Resources Directory : Tools and Techniques for Designing Your
20 Web Pages by: Ray Davis, Eileen Mullin Published 1997
21 3) Microsoft Internet Information Server 4 : The Complete Reference (Complete
22 Reference) by: Tom Sheldon, et al / Paperback / Published 1998

23

24 The primary actions on the web site which implements the present invention take
25 place during what is termed a "buy-cycle". During a buy cycle, customers
26 indicate that they want to buy a particular product and orders are accumulated.

1 The number of orders accumulated during a buy cycle determines the price at
2 which the particular product is sold.

3

4 Figure 1 shows a block diagram of a web page referred to as the "order web
5 page" and designated as web page 2. . The order web page includes:

6 a) a product description window 3 which includes a description of a
7 particular product,

8 b) a price-volume window 4 which lists the price for various volumes of the
9 product,

10 c) an orders received window 5 which lists the number of orders received
11 during the active buy cycle,

12 d) a "buy-button" 6 to indicate a buy decision,

13 e) a time remaining window 7 which shows the time remaining in the
14 particular buy cycle, and

15 f) a buy cycle closed window 8 which shows that the particular buy cycle
16 has been closed.

17 g) a heading and logo window 9 which gives information about the
18 company.

19 The following is a specific example of a price schedule that appears in price
20 volume window 4:

Items ordered in the cycle:	Unit price:
1-10.	500
11-30.	475
31-50.	450
50-100	425
100+	400

1 It is noted that Figure 1 is a block diagram of a web page. An actual web page
2 would include colors and graphics to make the web page appealing to
3 consumers. The web page could also include various other related information,
4 links and choices.

5

6 Customers who visit the web site can order the product by pressing (i.e. clicking
7 on) the buy button 6. The number of customers who have ordered the particular
8 product during the particular buy cycle is shown in the orders received window 5.
9 The time remaining in the particular buy cycle is shown in window 7. When the
10 buy cycle ends, no further orders are accepted for the particular product during
11 that particular buy cycle and the orders are filled through one of two ways. The
12 first technique is used where a contract or arrangement has been pre negotiated
13 with a partner (i.e. a supplier, distributor, or other fulfillment agency). In this
14 situation once the buy cycle is closed, the order is processed and sent to the
15 partner for fulfillment of the order. In situations where no supply contract has
16 been pre negotiated, when the buy cycle closes, the order is put together and put
17 out for bid, much like a request for proposal (RFP). Multiple suppliers are
18 encouraged to submit bids and contracts to fulfill that order. The RFP and the
19 bids can be handled either through electronic means, much like a stock
20 exchange, or through more traditional, manual processes. Once a bid is
21 accepted, the order is then sent to that partner for fulfillment. In this situation the
22 order is filled at either the posted price or at a lower price if a bid lower than
23 expected is received.

24

25 As indicated by blocks 21 and 22 in Figure 2, advertisements or word of mouth
26 (or serendipity) brings prospective customers to a home page (or entry point) 23
27 on the web site. The home page 23 describes the system and provides a
28 mechanism for prospective customers to indicate that they would like to register

9

1 for use of the site. Prospective customers can simply join buying cycles and
2 purchase products for a transaction fee or they can register as "members" which
3 requires payment of a membership fee. Customers who pay a membership fee
4 and register as members obtain certain privileges not available to guests. Web
5 sites which allow for both guests (at no fee) and members (with the payment of a
6 fee) are conventional. The registration process is conventional and the web site
7 includes a web page (not explicitly shown herein) which includes fields in which a
8 customer can enter registration information. As indicated by block 24, both non
9 members and prospective members provide information which is collected to
10 generate a profile 25. If a customer visits as a member, or if a guest or member
11 orders a product, the information in their profile is used to bill their credit card. As
12 shown by block 26 in Figure 2, a membership fee, or a lower guest fee is charged
13 to the customer's credit card. Such operations are conventional.

14

15 After a prospective customer has registered as either a member or as a guest as
16 described above, the customer can login as indicated by block 31 in figure 3. As
17 indicated by block 33, once a customer has logged into the system they are
18 provided with a "solutions guide" web page 33 which helps the customer pick an
19 appropriate product. The solutions guide web page 33 includes hyperlinks to
20 buying preferences survey web page 32 and a review and rating web page 34.
21 As a result of the help provided by web page 33, the customer makes a choice as
22 indicated by block 35. If the customer's choice is for a product that already has
23 an active buy cycle, the customer's choice results in an order in that buy cycle as
24 indicated by block 36. If the customer's choice is not a product which has an
25 active buy cycle, a buy cycle is initiated as indicated by block 37. At a pre-
26 established time, the buy cycle closes as indicated by block 38 and the product is
27 shipped and the customer is charged as indicated by block 39. Figures 13 and
28 14 which will be explained later described how the price is determined in an

10
1 interval between when a cycle is closed and when a product is shipped, that is,
2 between block 38 and 39 in Figure 3.

3

4 Figures 4 to 12 give detailed program flow diagrams of the programs that operate
5 during a buy cycle. Once a buying cycle starts, a series of individual purchase
6 requests are collected by a central server referred to herein as the primary
7 aggregation server. Instead of having one primary aggregation server, individual
8 purchase requests can be collected by a number of distributed secondary
9 aggregation servers. That is, the individual purchase requests can be collected
10 by a number of remote computers linked to an aggregation server through a
11 communication link.

12

Buy-cycles can be started at any time. Buy cycles end when a preset number of purchase requests have been exceeded, or if a preset time limit has elapsed.

Prior to the start of a buy cycle, a price-point structure is set by a system administrator (not shown). The system administrator sets a minimum and maximum number of purchase requests for each price point and this information is listed on the order web page 2. Prospective customers therefore have accurate price information at all times time during the buy-cycle. As each purchase request is entered and validated into the aggregation server during the buy-cycle, a counter is incremented (or decremented) identify the current number of purchase requests. When the buy-cycle closes, the counter is consulted to establish the final price attributed to the buy-cycle.

24

25 Each buy-cycle relates to a particular item for sale with a price structure
26 constructed as follows:

27

28

1 Table A.1: Price Structure Construction ¹¹

Number of Items			
Slice Number	Minimum	Maximum	Price
0	$n_0=0$	n_1-1	P_0
1	n_1	n_2-1	P_1
2	n_2	n_3-1	P_2
3	n_3	n_4-1	P_3
$m-1$	n_{m-1}	n_m	P_{m-1}

2
3 The price structure is divided into " m " price slices, each with a corresponding price
4 " P_m ". For each price slice, there is a minimum number of items for sale " n_m " and a
5 maximum number of items " $n_{m+1}-1$ ". A representative example is as follows:

6
7 Table A.2: Price Structure for Sample Buy-Cycle

Number of Items			
Slice Number	Minimum	Maximum	Price
0	0	3	\$10.00
1	4	9	\$9.75
2	10	11	\$9.00
3	12	49	\$8.00
4	50	199	\$6.50

8
9 Note:
10 1. By definition, a price structure has at least two (2) price slices.
11 2. The largest maximum number of items for the last price slice corresponds to the
12 cut-off point, which, if reached, will end the buy-cycle.

1

2 In order to manage buy-cycles, the following operations are defined. Each buy-
3 cycle is identified through a unique buy-cycle identifier called `buy_cycle_id`.

4 1. `Begin(buy_cycle_id,time_t)`, which initializes and starts a buy-cycle that will
5 last until `time_t`,

6 2. `End(buy_cycle_id)`, which terminates the buy-cycle either manually or by being
7 called from the buy-cycle watchdog, and

8 3. `Watchdog(buy_cycle_id)`, which automatically supervises the status of a
9 selected buy-cycle.

10

11 The following operators are defined to determine state information about buy-
12 cycles:

13 1. `Open(buy_cycle_id)`, which returns a Boolean result on whether or not the buy-
14 cycle referenced by the unique buy-cycle identifier `buy_cycle_id` is active,

15 2. `No_slice(buy_cycle_id)`, which returns the number of slices `m` for the specified
16 buy-cycle,

17 3. `Max(buy_cycle_id)`, which returns `nm` for the specified buy-cycle,

18 4. `Current(buy_cycle_id)`, which returns the current number of purchase requests
19 for the buy-cycle, represented as `ncurrent`,

20 5. `Price(buy_cycle_id,n)`, which returns the price point for the specified cycle with
21 `n` purchase requests, and

22 6. `Price_current(buy_cycle_id)`--the logical equivalent of
23 `price(buy_cycle_id,n_current)`, which returns the price point corresponding
24 to the current number of purchase requests.

25

26 Figure 4 shows the process that is called whenever a defined buy-cycle needs to
27 be set into active mode. For example this could occur as indicated by box 37 in
28 Figure 3. As indicated by block 210, a subroutine named `open()` and which is

1 shown in Figure 7 determines if the particular buy cycle is already open. If the
2 buy cycle called is already open, this information is returned to the main program
3 as indicated by block 211. This could either mean that there has been some
4 error or it could be a notice to the main program to go to block 36 shown in Figure
5 3. As indicated by block 212, if the buy status is not active, the status is set to
6 active. Next, as indicated by block 213 the time limit for the buy cycle is set to a
7 value time_t. As previously indicated the value time_t could either be a fixed
8 value or it could be determined in a number of ways dynamically.

9

10 At the end of a buy cycle, the subroutine shown in Figure 5 is called. First as
11 indicated by block 220, a determination of whether the cycle is already open is
12 made by the subroutine open(). If the buy cycle is not open, no action is taken as
13 indicated by block 221 and control is returned to the calling program. If the buy
14 cycle is open, the status is set to inactive as indicated by block 222 and the buy
15 cycle administrator (which could be another program or a human operator) is
16 notified as indicated by block 223. At this point the orders that have been
17 entered during the buy cycle are executed in a conventional manner. That is the
18 products are shipped and the customer's credit cards are charged.

19

20 Figure 6 shows the subroutine called "watchdog" which operates while a buy
21 cycle is active. The watchdog process oversees the status of a specific buy-cycle
22 from its inception until the buy-cycle is either terminated manually or when certain
23 buy-cycle-specific time or volume limits have been achieved. As indicated by
24 block 230 and 231 a check is first made to insure that the buy cycle is in fact
25 open. As indicated by blocks 232, 233 and 234, the current time and the buy
26 cycle expiration time are obtained and compared. As indicated by block 234 if
27 the if the buy cycle time has ended the sub routine end() is called. Blocks 235,
28 236 and 237 indicate the if the buy cycle is active, the current number of requests

1 is obtained and compared to the maximum number of requests. If the number of
2 requests exceeds the maximum number allowed for that buy cycle, the buy cycle
3 is ended. If the number of requests is less than the maximum, the subroutine
4 goes to sleep for a period of time as indicated by block 239 and it then repeats.
5 Providing such a sleep period for such a subroutine is conventional.

6

7 Figure 7 shows the subroutine with is used to determine if a buy cycle with a
8 particular ID is open. A conventional data base (not explicitly shown) is used to
9 store the ID's of the open buy cycles. blocks 240 and 241 indicate that the ID of
10 a buy cycle is compared to data in a data base and then a determination is either
11 made the by buy cycle is active (block 242) or a determination is made that the
12 buy cycle is not active (block 243).

13

14 Figure 8 shows the subroutine which is used to determine the number of price
15 slices within a buy-cycle. This subprogram sets the value of the variable "m". As
16 indicated by blocks 250 and 251, the number of rows in the table (see above table
17 1) for a particular buy cycle ID is obtained and used to set the value of the
18 variable "m". Block 260 and 270 in Figures 9 and 10 shows how the variables
19 "no_items_max" and "no_items_current" are set. Figure 9 shows how the
20 maximum number of items available for the buy-cycle is determined. Figure 10
21 shows the current number of purchase requests within the buy-cycle is
22 determined. It is noted that the SQL calls are a standard technique for getting
23 data from a data base such as the commercially available and widely used Oracle
24 data base marketed by Oracle Corporation or the widely used Access data base
25 marketed by Microsoft Corporation. The particulars of the data based used to
26 store various information used by the described embodiment of the invention are
27 conventional and not explicitly shown herein.

28

1 Figure 11 shows how the price at which orders are executed is calculated at the
2 end of a buy cycle. The operator illustrated in Figure 11 is used to calculate the
3 price corresponding to the given number of purchase requests within the buy
4 cycle. Block 280 shows that at the beginning of the subroutine the variables are
5 initialized. Next as indicated by block 281, an SQL call to the data base is made
6 to set the variables P_O and n_o. Blocks 282 and 283 show that the variable m
7 is incremented and that the value of the variable P_m and n_m is obtained from
8 the data base. Next as indicated by block 284 a check is made to determine if
9 n_m is greater than n. As indicated by block 285, if it is larger the price is set to
10 P_(m-1). If it is smaller, a check is made by block 286 to determine if n equals m.
11 If it does the price is set to P_m. If it is not the process repeats to block 282.

12

13 Figure 12 shows a block diagram of the operator used to calculate the price
14 corresponding to the current number of purchase requests within the buy-cycle.
15 First as indicated by block 290, the value of n is set. Next as indicated by block
16 291 the subroutine price() is called to set the price.

17

18 As previously indicated the price at which orders are filled depends upon whether
19 or not a pre-negotiated and pre-established commitment has been obtained from
20 a supplier to provide products at the prices posted. If such a contract exists when
21 the cycle is done product is supplied at that price. This is shown by blocks 131
22 and 132 in Figure 13. Blocks 131 and 132 indicate that the final price is
23 calculated based upon the supplier price schedule.

24

25 If the prices posted are estimated prices, and no contract exists with a supplier to
26 supply prices at the posted prices the sequence shown in Figure 14 occurs.
27 Once a buy cycle ends as indicated by block 38, the number of products that
28 have been ordered is calculated as indicated by block 141. This information is

1 disseminated to prospective suppliers and these suppliers make offers as
2 indicated by block 142. The best value is determined as indicated by block 143
3 and then a supplier is selected as indicated by block 144. Finally as indicated by
4 block 39 orders are filled at the price in the selected offer and product is shipped.
5 A variety of techniques can be used to handle the situation in which no supplier
6 offers to provide the product at a price that is at least as low as the price posted.
7 For example, customers could be told on the web site that if this situation occurs,
8 the orders will not be filled. Alternatively, the system could be operated on the
9 basis that the company operating the web site will pay for any difference between
10 the posted price and lowest price bid by suppliers. Still another alternative is that
11 before any product is offered at a posted price an arrangement will be negotiated
12 with a back-up supplier who agrees to provide the product at the posted price.

13

14 The present invention provides for two types of revenue flows for the operator of
15 the web site:

16 Subscription fees - designed to drive value for repeat buyers and to raise
17 customer switching costs. Customers will pay a modest subscription fee, to be
18 renewed periodically such as annually.

19

20 Transaction fees - charged on each purchase through the system (subscription
21 customers will be exempt from all transaction fees). Transaction fees are
22 designed to encourage trial and facilitate the purchase of one-off goods.

23

24 In addition to the web pages described above, the web site which implements the
25 present invention can include a variety of other web pages which together form a
26 complete site. For example the site includes a "home" page which is a starting
27 point for customers to enter the system and a main page which provides links to
28 other information such as information for suppliers who want to offer products,

1 information for investors, information for partners interested in the technology,
2 and notices of employment opportunities.

3

4 The web site includes a conventional check out page and an order summary
5 page which displays all the information about an order and requires the customer
6 to press a button indicating that the information is correct.

7

8 The site can also include a variety of other web pages, all of which can be
9 reached by "link" buttons displayed on some or all of the web pages. The
10 following is an example of an additional web page that can be included in the web
11 site. For example the web site can include a "Shopping Basket Web Page". As
12 is conventional such a page could be reached by clicking a checkout button
13 located in a mini-shopping cart which can be displayed on various other pages.
14 A Shopping Basket Web Page can be a first step in a checkout process. The
15 shopping basket web page can include the following elements:

16 a) editorial content

17 b) product name and manufacturer logo

18 c) product availability

19 d) the current price i.e. The is the maximum amount the customer will have to pay

20 e) transaction fee which the customer must pay.

21 f) subtotal: i.e. the total price for all the items in the cart (shipping and tax to be
22 added in the next step)

23 g) dollar savings to on the individual product. i.e. the list price minus the current
24 price

25 h) total dollar savings on all items in cart

26 i) a "remove" box : clicking this box will remove the item from the cart when the
27 page is refreshed.

28 j) the time and date when this cycle will close.

- 1 k) Toolbar with standard buttons for items such as Help, About Us, Feedback,
- 2 Account info, etc.
- 3 l) Special Buttons for items such as:
 - 4 - quantity box
 - 5 - change quantity

6 after changing the quantity in this box, the customer can press a button to
7 reload the page. The refreshed quantity box will show the request quantity. To
8 remove the product from the shopping cart, the customer can either check the
9 remove box or change the quantity in the shopping cart to zero.

- 10 - Checkout button (with text , "please verify above information and click here to
11 continue")
- 12 m) Links to web pages which give:
 - 13 - security policy
 - 14 - returns and refund policy
 - 15 - cycles in progress

16

17 The web site can include a "buy cycle ticker" that communicates what's
18 happening on the buy cycles. The buy cycle ticker is similar to a stock ticker that
19 runs across TV and computer screens. It highlights a named product (i.e.
20 notebook computer), a brand (Toshiba); a current price (i.e. \$1200) and the
21 number of buyers in the cycle (e.g. 43). Two buy cycle tickers could be provided,
22 one in a red color to show immediately cycles closing, one in green to show
23 cycles that will close later.

24

25 The site can include provisions by which a customer can activate during the
26 registration process so that the customer will be notified by e-mail of events such
27 as:

28 1) New items listed on the site.

- 1 2) The fact that a buy cycle has reached a particular price point.
- 2 3) Thank you messages.
- 3 E-mail can also be used to notify customers that products have been shipped and
- 4 that their credit cards have been charged for a purchase.
- 5
- 6 The site includes a mechanism so that if a customer leaves the site with items in
- 7 the shopping cart, the items will appear in their respective areas once the
- 8 customer returns, as long as a cycle still exists for that particular product. If the
- 9 cycles are discontinued for that particular product, the item should be removed
- 10 from the shopping cart.
- 11
- 12 The tool bars on the various web pages can include a variety of button. For
- 13 example there can be buttons to contact the supplier, a button to get account
- 14 information. Various links can be provided such as links to explain company
- 15 policy, links to a privacy statement, to account information and to various product
- 16 selection help aids.
- 17
- 18 A data base program such as a conventional Oracle or Access data base would
- 19 have stored therein information about the various products being offered for sale.
- 20 When a new buy cycle for a particular product is initiated, information from this
- 21 data base would be used to provide information for an appropriate order page
- 22 such as that shown in Figure 1. Registration information about members would
- 23 be kept in this same data base. An administrator would update the data base as
- 24 new products become available or with other product and price changes. Such a
- 25 data base for providing information for a web site would be conventional.
- 26
- 27 The present invention drives true value to its customer base when demand
- 28 volume can be identified and coordinated to facilitate transactions. In order to

1 ensure that buying cycles are maximized by optimum market reach, techniques
2 such as the following can be used:
3
4 When a customer has joined a buying cycle for a particular product, they can be
5 given the opportunity to notify their colleagues, via a pre-formatted email, about
6 the web site and about the buying cycle in progress. Such a tool enables
7 customers to draw as many people possible into the buying cycle for maximum
8 price benefit i.e. the more people that join a cycle, the lower the price per unit.
9 The email can communicate the value proposition, give details of the buying cycle
10 in progress, and invite the recipient to visit the web site and join the buying cycle
11 themselves. Such a tool can drive awareness at a "grassroots" level, leveraging
12 personal networks and communities that have been empowered by the inherent
13 benefits of the Internet.
14
15 In order to further drive audience exposure to buying cycles, Sponsor Partner
16 Program can be used for vertical online communities (e.g. companies,
17 organizations, etc.) and horizontal online communities (e.g. organizations that
18 provide information which is displayed on web sites etc.). Such partners have a
19 large member base in place, and they can be used to uniquely provide the
20 service available by use of the present invention to this mass audience.
21
22 Sponsor partners can be given strategic branding opportunities through a
23 sponsor banner located throughout the web site which implements the invention.
24 This branding will be visible to those customers entering through their respective
25 community site. This co-branding opportunity will allow the partner to further
26 build a relevant service offering for its members while increasing the perceived
27 value of its community. All partners can be given the opportunity to place a

21

1 branding message on all "Word-of-Mouth" emails sent by customers who have
2 entered through their respective community site.

3

4 This co-branding opportunity will allow a partner to deliver its branding message
5 to a large audience of prospective new members. By the nature of this
6 endorsement (via an existing member), a partner has the opportunity to establish
7 a trusted relationship with new members

8

9 As a Sponsor, a partner can be given the opportunity to participate in a revenue
10 stream as generated directly by its members. For example a Sponsor could
11 receive 20%-40% of all membership and transaction fees as generated by the
12 web site that implements the invention.

13 The revenue sharing program will enable a partner to build a viable E-Commerce
14 strategy while reinforcing the value of its membership

15

16 The preferred embodiment of the invention described above is only one example
17 of how the present invention can be practiced. It should be understood that
18 various changes in form and detail may be made without departing from the spirit
19 of the invention. The scope of the invention is limited only by the appended
20 claims.

1 I claim:

2

3 1) A system for facilitating the purchase of products via the internet and which
4 operates in accordance with a buy cycle, said system comprising:
5 a web server which posts a web page at the beginning of a buy cycle and which
6 describes a product and which lists prices for various quantities of the product,
7 a web server which accepts orders from purchasers and which tracks the number
8 of purchasers in a buy cycle and which closes said buy cycle based upon pre-
9 established criteria, and
10 a web server which processes the orders received in a buy cycle.

11

12 2) The system recited in claim 1 wherein said buy cycle is closed after a fixed
13 amount of time.

14

15 3) The system recited in claim 2 wherein said web page post the length of said
16 fixed amount of time.

17

18 4) The system recited in claim 3 wherein said web page posts the amount of time
19 remaining in said fixed amount of time.

20

21 5) The system recited in claim 1 wherein said buy cycle is closed after a preset
22 number of orders has been received.

23

24 6) The system recited in claim 1 wherein said buy cycle is closed after the rate at
25 which orders are being received falls below a pre-established rate.

26

27 7) A system for facilitating the purchase of products via the internet and which
28 operates in accordance with a buy cycle, said system comprising

1 means which posts a web page at the beginning of a buy cycle and which
2 describes a product and which lists prices for various quantities of the product,
3 means which accepts orders from purchasers and which tracks the number of
4 purchasers in a buy cycle and which closes said buy cycle based upon pre-
5 established criteria, and
6 means which processes the orders received in a buy cycle.

7

8) A method for facilitating the purchase of products via the internet during a buy
9 cycle, said method comprising
10 posting a web page at the beginning of a buy cycle and which describes a
11 product and which lists prices for various quantities of the product,
12 accepting orders from purchasers,
13 tracking the number of purchasers in a buy cycle,
14 closing said buy cycle based upon pre-established criteria, and
15 processing the orders received in a buy cycle.

16

17 9) The method recited in claim 8 wherein said buy cycle is closed after a fixed
18 amount of time.

19

20 10) The method recited in claim 9 wherein said web page posts the length of said
21 fixed amount of time.

22

23 11) The method recited in claim 10 wherein said web page posts the amount of
24 time remaining in said fixed amount of time.

25

26 12) The method recited in claim 8 wherein said buy cycle is closed after a preset
27 number of orders has been received.

28

- 1 13) The method recited in claim 8 wherein said buy cycle is closed after the rate
2 at which orders are being received falls below a pre-established rate.

3
- 4 14) The method recited in claim 8 wherein said orders are processed by charging
5 the cost of each order to the purchaser's credit card.

6
- 7 15) A system for helping customers buy products via the internet comprising,
8 a web page that lists the price of a product at various volume levels,
9 a program for establishing a buy cycle which has a pre-established termination
10 point.

11 a program which accepts orders for products and which posts the number of
12 orders accepted within a buy cycle, and

13 a program which fills the orders received during a buy cycle.

14
- 15 16) A system for helping customers buy products via the internet comprising,
16 a web page that lists the price of a product at various volume levels,
17 means for establishing a buy cycle which has a pre-established termination point,
18 means which accepts orders for products and which posts the number of orders
19 accepted within a buy cycle, and

20 means for filling orders received during a buy cycle.

21 17) The system recited in claim 1 including reverse action means whereby
22 suppliers bid against each other to offer the best price for the demand.

1/14

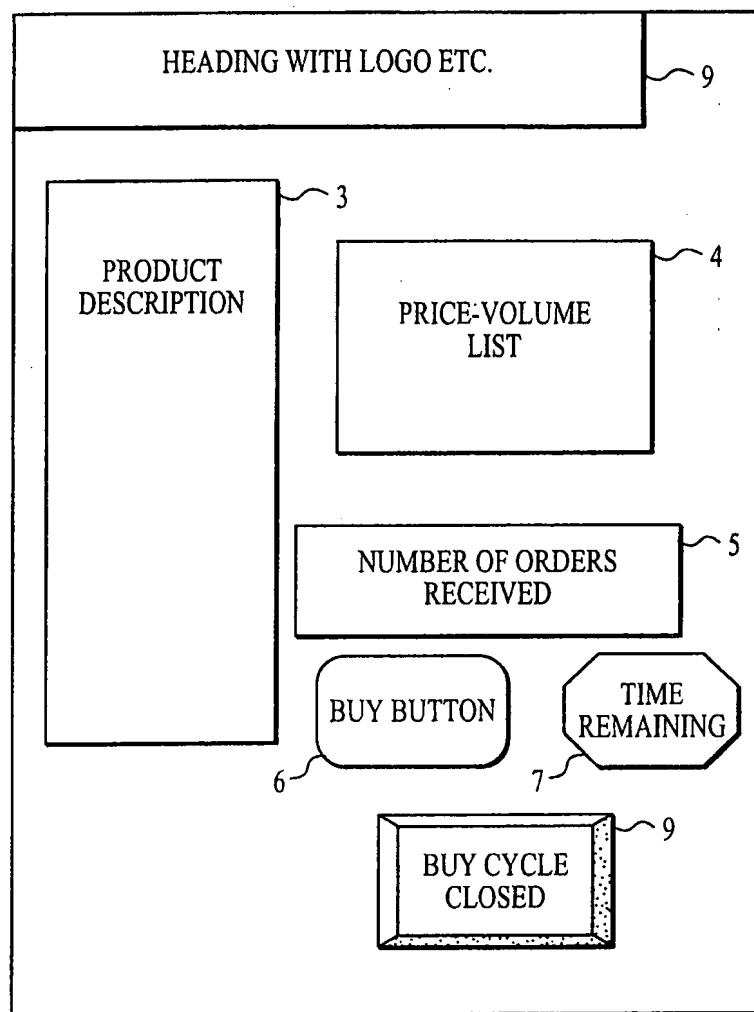


FIG. 1

2/14

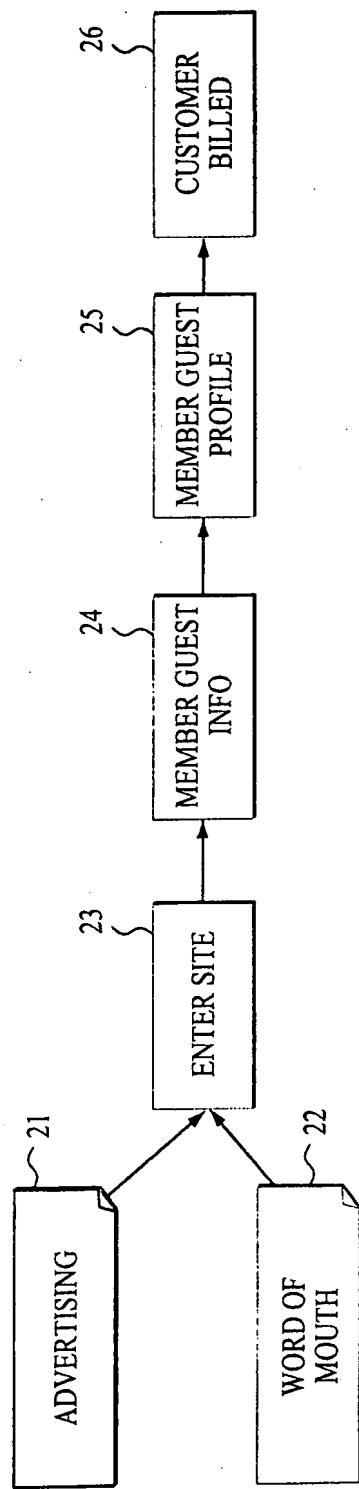


FIG. 2

3/14

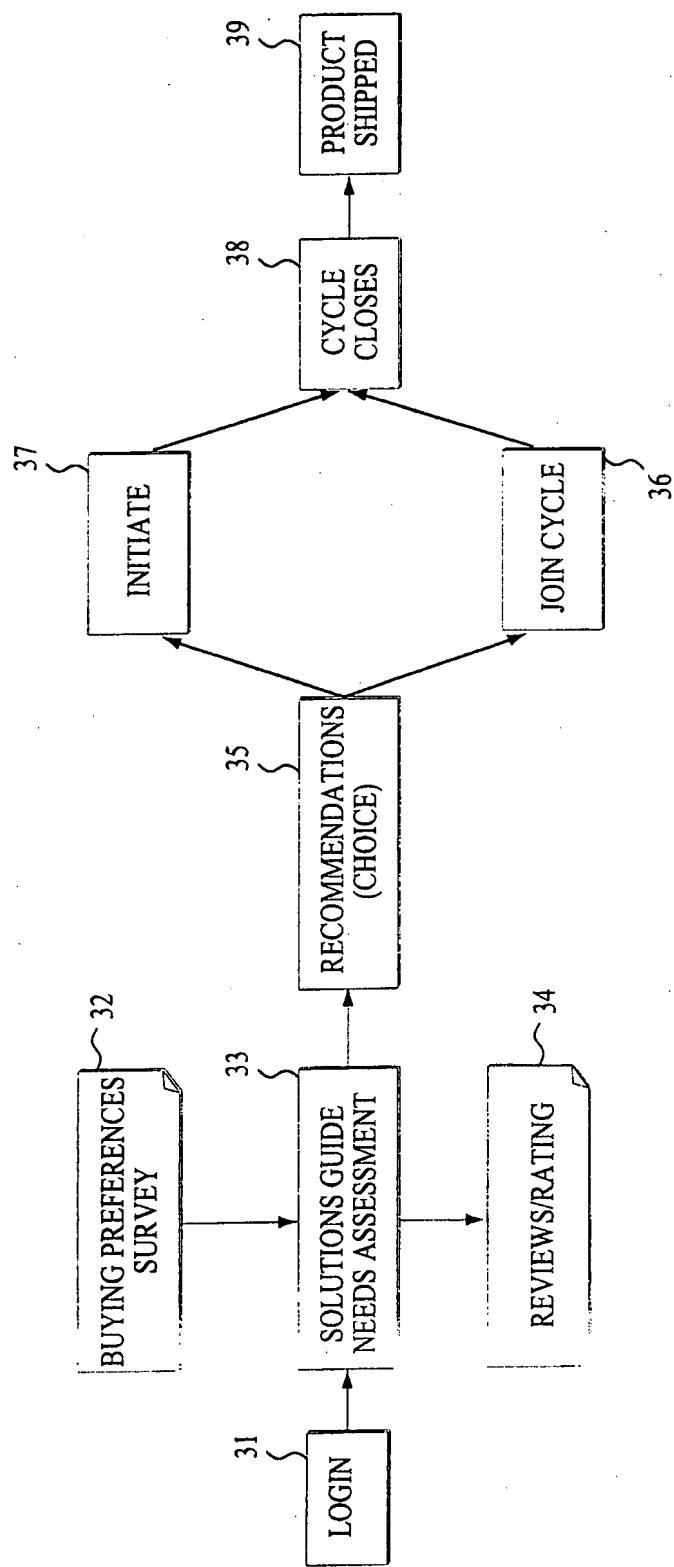


FIG. 3

4/14

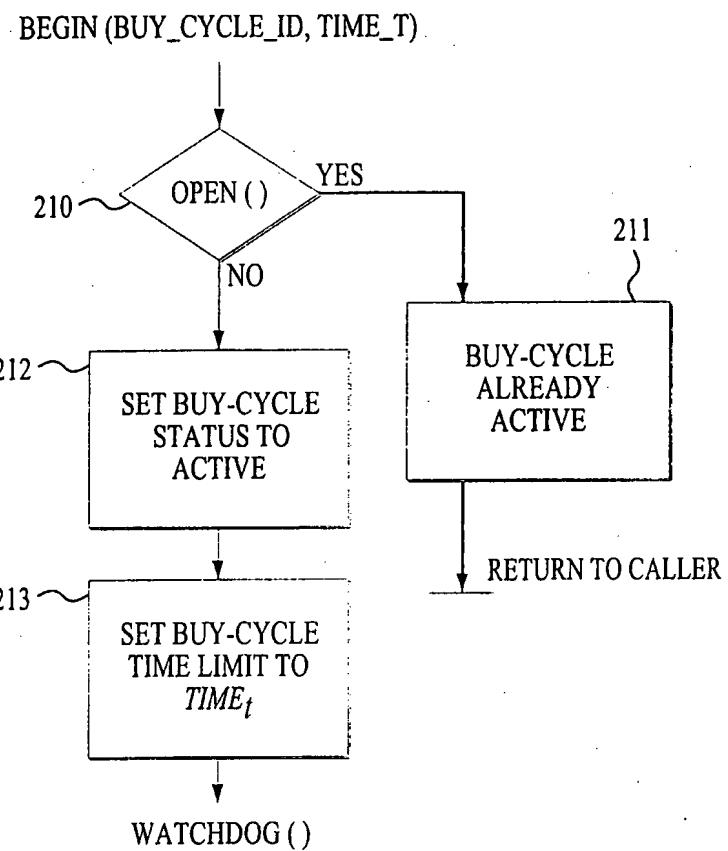


FIG. 4

5/14

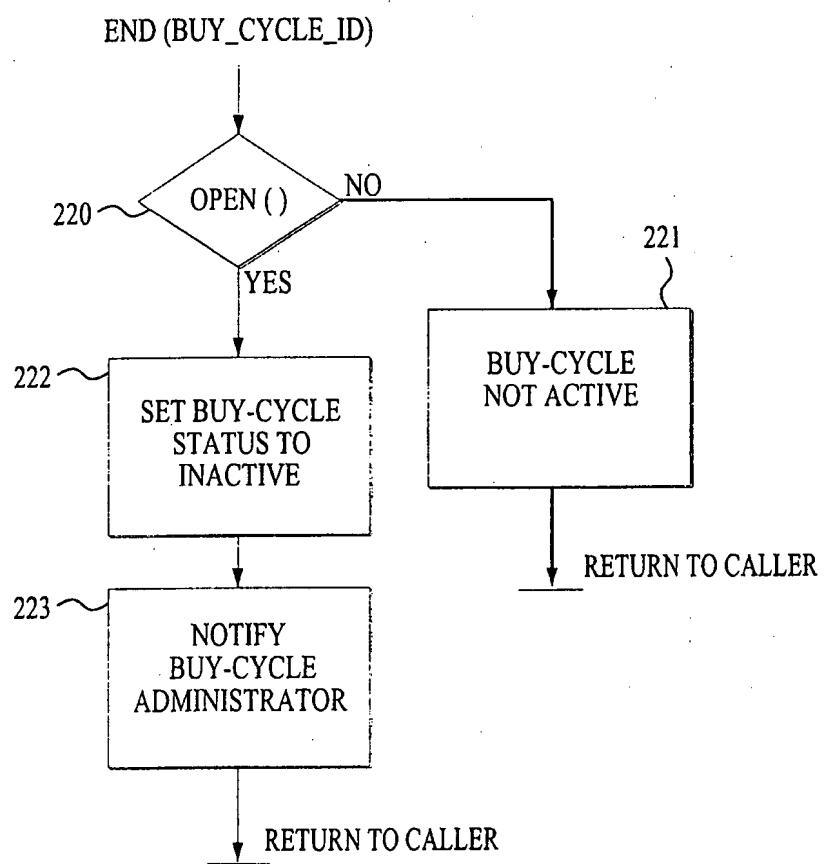


FIG. 5

6/14

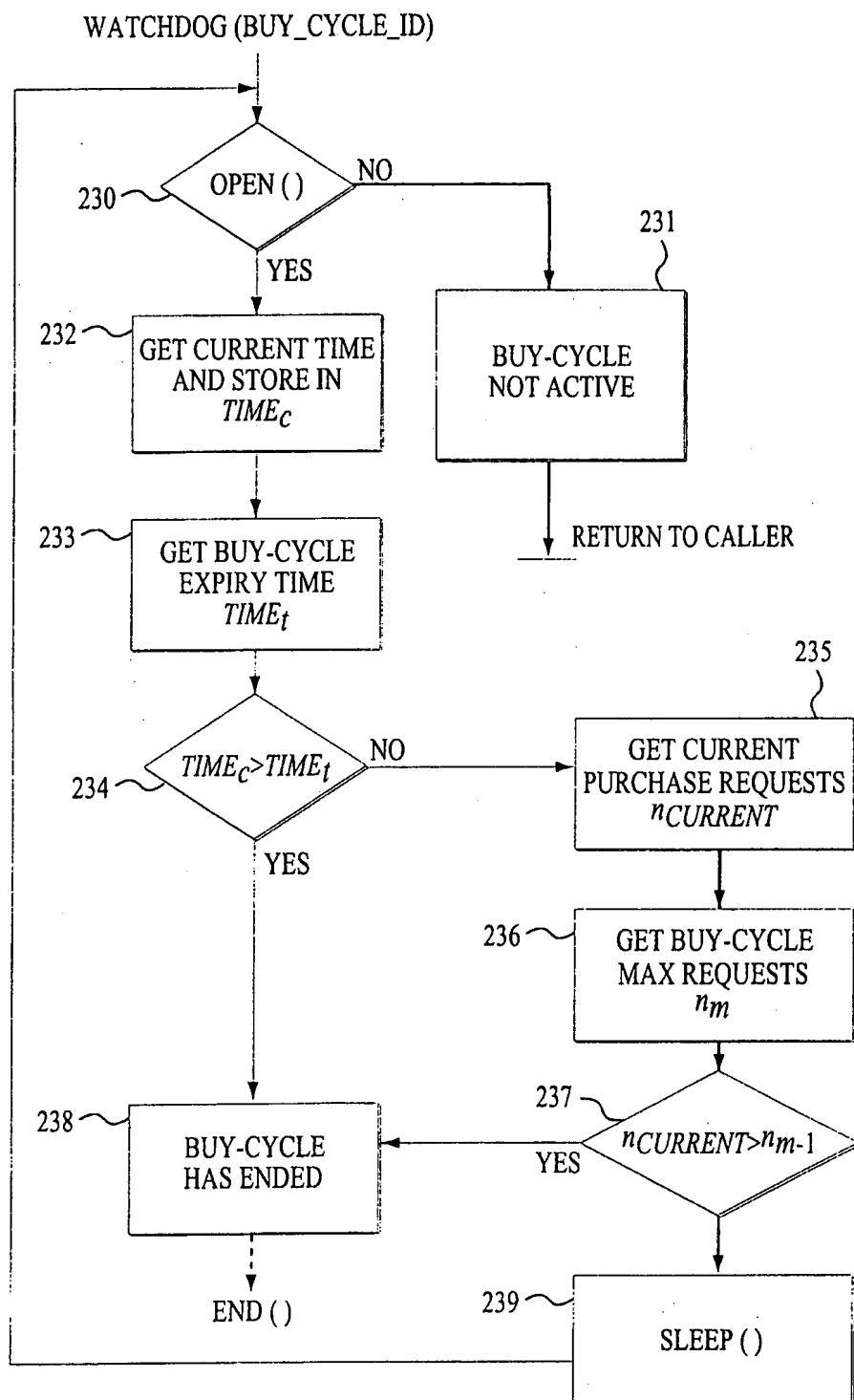


FIG. 6

7/14

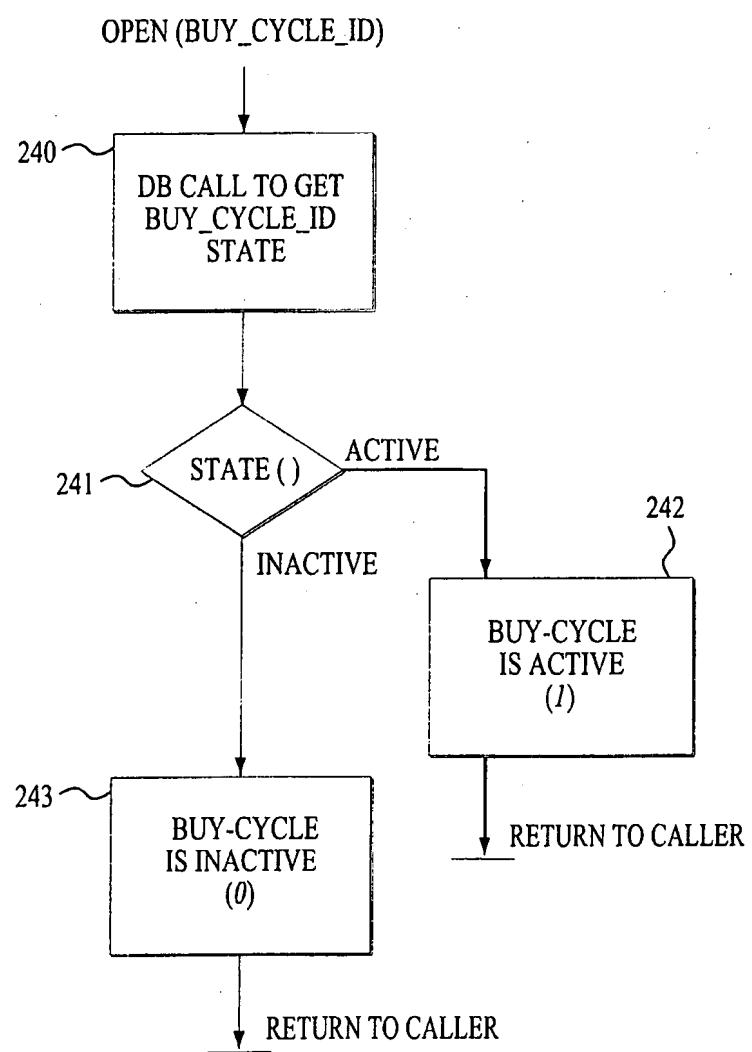


FIG. 7

8/14

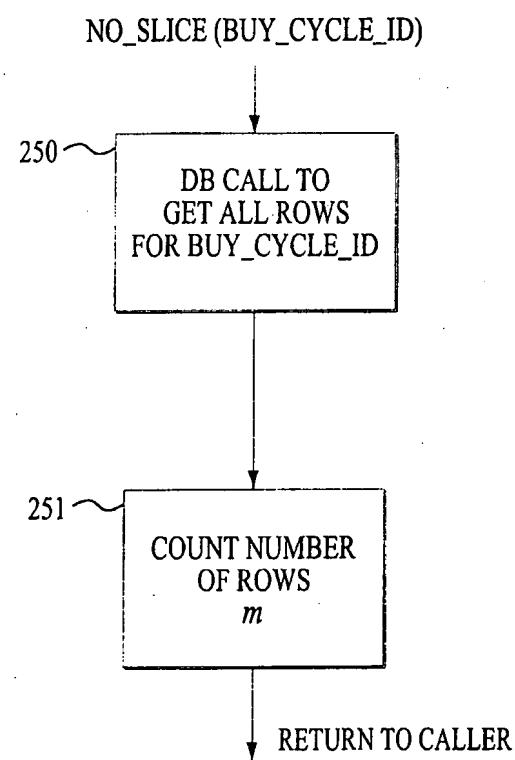


FIG. 8

9/14

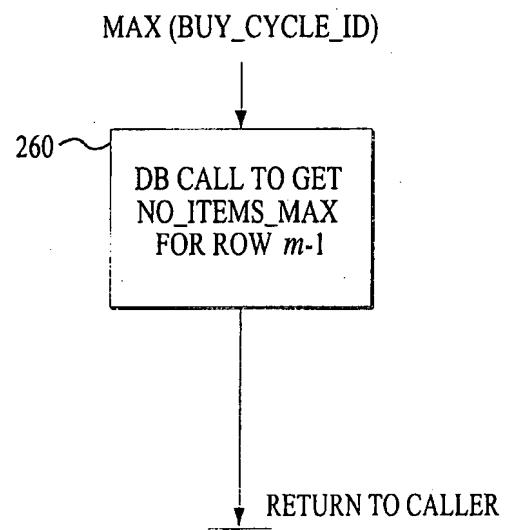


FIG. 9

10/14

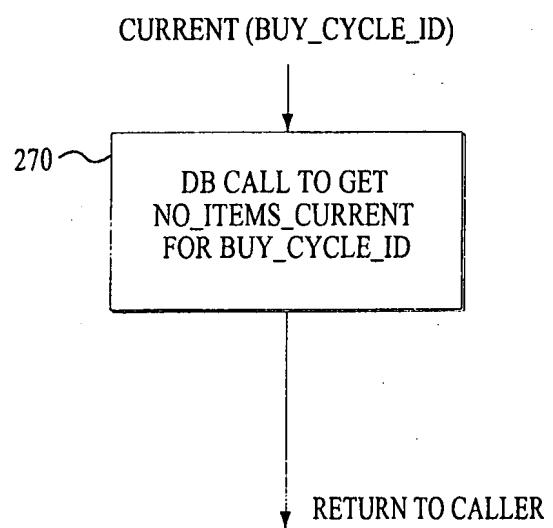


FIG. 10

11/14

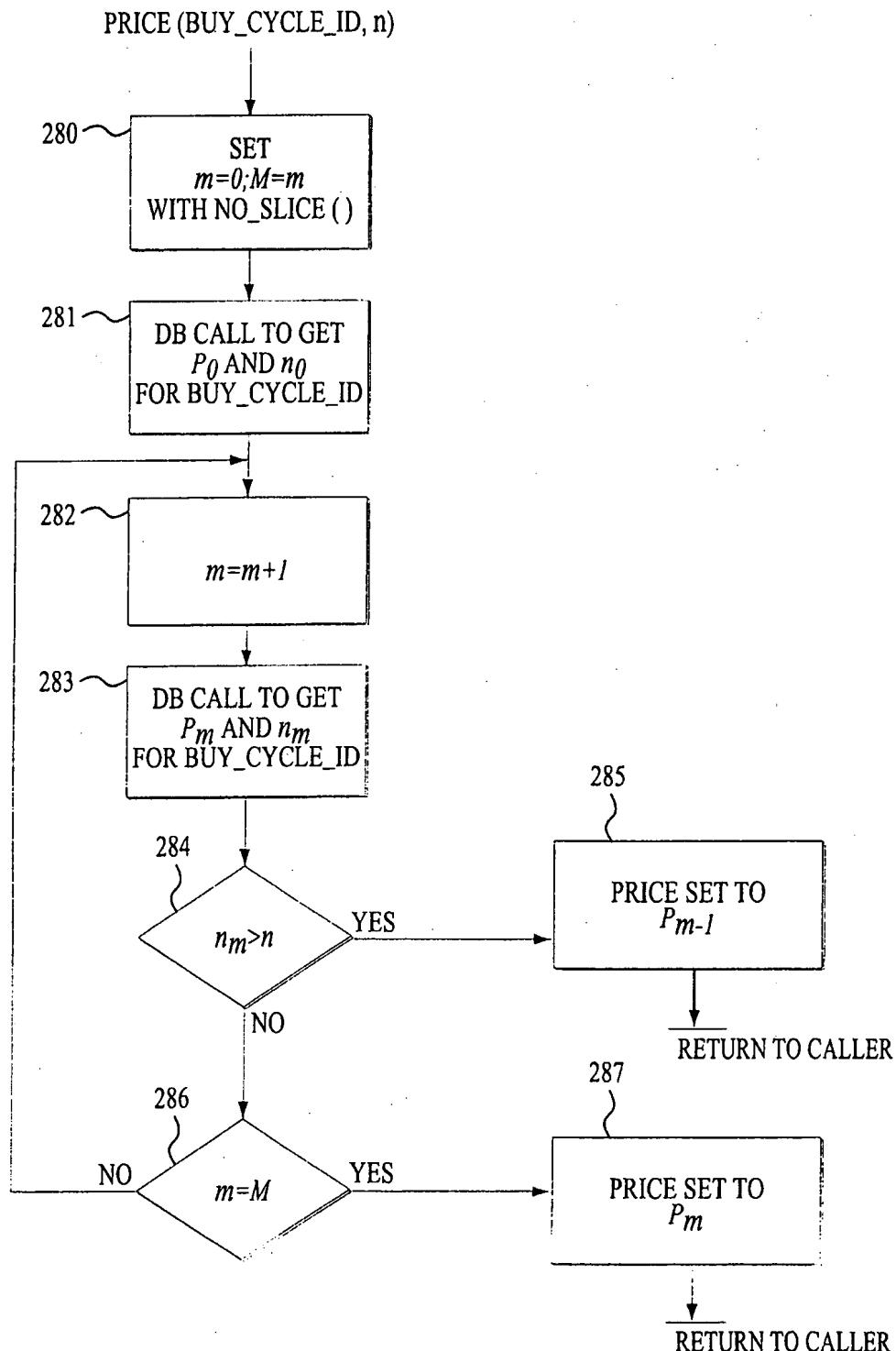


FIG. 11

12/14

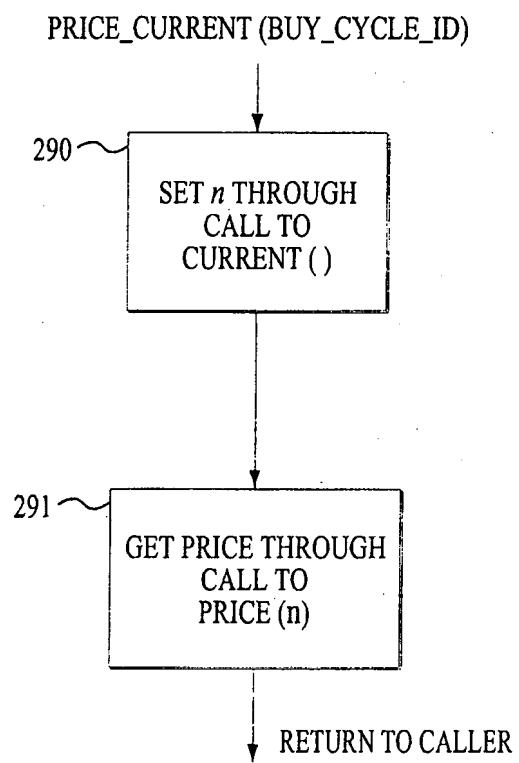


FIG. 12

13/14

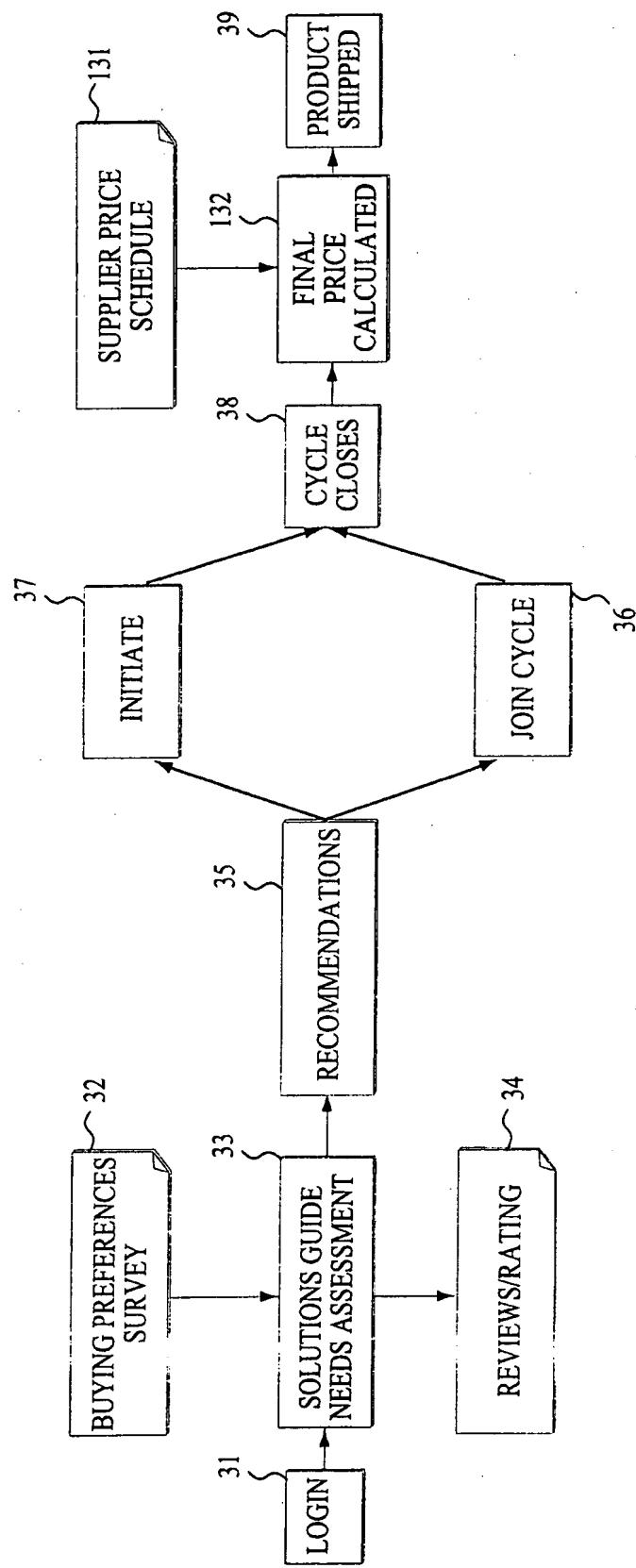


FIG. 13

14/14

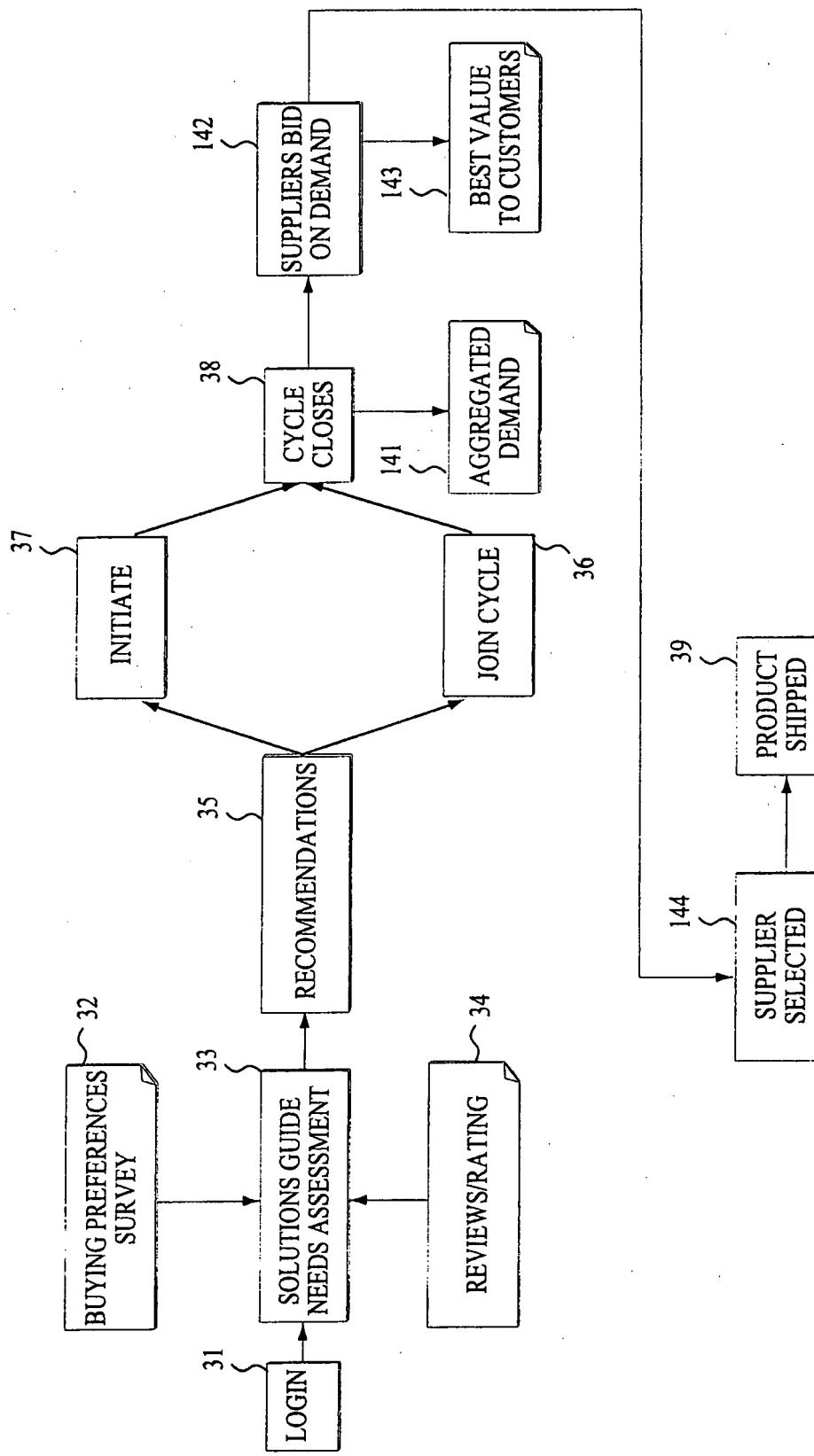


FIG. 14

INTERNATIONAL SEARCH REPORT

International application No.
PCT/US00/02222

A. CLASSIFICATION OF SUBJECT MATTER

IPC(7) :G06F 17/60

US CL :705/26

According to International Patent Classification (IPC) or to both national classification and IPC

B. FIELDS SEARCHED

Minimum documentation searched (classification system followed by classification symbols)

U.S. : 705/26

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practicable, search terms used)

Please See Extra Sheet.

C. DOCUMENTS CONSIDERED TO BE RELEVANT

Category*	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
Y	US 5,799,284 A (BOURQUIN) 25 August 1998, col. 2, lines 40-67; col. 3, lines 59-67; col. 4, lines 1-59	1-17
Y,P	US 5,913,210 A (CALL) 15 June 1999, col. 3, lines 42-58; col. 12, lines 1-27	1-17
Y	US 5,794,207 A (WALKER et al.) 11 August 1998, col. 8, lines 28-67; col. 9, lines 1-67; col. 10, lines 18-22; col. 14, lines 30-52; col. 20, lines 18-29	1-17
Y,P	US 5,890,137 A (KOREEDA) 30 March 1999, col. 2, lines 30-56	1-17
Y	US 5,727,165 A (ORDISH et al.) 10 March 1998, col. 4, lines 63-66	2

Further documents are listed in the continuation of Box C. See patent family annex.

• Special categories of cited documents:	"T"	later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention
"A" document defining the general state of the art which is not considered to be of particular relevance	"X"	document of particular relevance; the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone
"B" earlier document published on or after the international filing date	"Y"	document of particular relevance; the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art
"L" document which may throw doubts on priority claim(s) or which is cited to establish the publication date of another citation or other special reason (as specified)	"&"	document member of the same patent family
"O" document referring to an oral disclosure, use, exhibition or other means		
"P" document published prior to the international filing date but later than the priority date claimed		

Date of the actual completion of the international search

27 APRIL 2000

Date of mailing of the international search report

23 MAY 2000

Name and mailing address of the ISA/US
Commissioner of Patents and Trademarks
Box PCT
Washington, D.C. 20231

Facsimile No. (703) 305-3230

Authorized officer

ALLEN MACDONALD

Telephone No. (703) 305-3900

Joni Hill

INTERNATIONAL SEARCH REPORT

International application No.

PCT/US00/02222

C (Continuation). DOCUMENTS CONSIDERED TO BE RELEVANT

Category*	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
Y	US 5,835,896 A (FISHER et al.) 10 November 1998, fig. 12 [94, 97-98, 155]; fig. 14, [181, 183-185]; col. 2, lines 20-33	1-17

INTERNATIONAL SEARCH REPORT

International application No.
PCT/US00/02222

B. FIELDS SEARCHED

Electronic data bases consulted (Name of data base and where practicable terms used):

DIALOG; STN

search terms: on-line, seller, buyer, order, purchaser, buy cycle, limited time offer, web server, web page on Internet, tracking number of purchasers, accepting orders, closing buy cycle, credit card, suppliers bid for sales